

**DRAFT**  
**SENIOR TAX EXEMPTION STUDY COMMITTEE CHARGE**

1. To evaluate residential property tax relief for low and moderate income senior homeowners. The Committee may accomplish this by:

- Reviewing information about Brookline's residential taxpayers to understand the current, and possible future, composition of the residential taxpayer base, including the number of low and moderate income senior homeowner taxpayers;
- Evaluating the effectiveness and adequacy of statutorily available tax relief programs for low and moderate income senior homeowners and, as needed, offering improvements to the implementation of the programs in Brookline;
- Investigating the efforts of peer Massachusetts communities to provide residential tax assistance to seniors and determining the effectiveness and appropriateness of adoption of similar programs and policies by Brookline; and
- Considering the creation of innovative programs that could be implemented to assist senior homeowners with low and moderate incomes.

2. To develop appropriate policy recommendations, proposals for adjustment to local implementation of statutorily provided residential tax assistance programs for senior residential taxpayers with low or moderate incomes, suggestions for new tax assistance programs that would benefit senior residential taxpayers with low or moderate incomes, and drafts of warrant articles necessary to implement the committee's recommendations.

3. To provide to the Board of Selectmen by no later than August 3, 2017 a report of the information the committee has gathered and its recommendations.

4. In carrying out its charge the committee shall at all times be mindful that granting additional relief to low and moderate income senior homeowners will increase the burden on other groups of taxpayers.

The Senior Tax Work-off Exemption Program, championed by our Chief Assessor is an example of opportunities to provide relief. The Council on Aging and Board of Assessors both support the resolution. The Selectmen understand that any relief that would be provided would then shift the tax burden to another group; potentially shifting from seniors to struggling young families. There is a need for further study, which the Selectmen acknowledge and support, and the committee could look for modest relief that doesn't present a significant burden to another group of taxpayers.

The Selectmen support the study of this issue and look forward to gaining more knowledge on what tools available and what other communities are doing to support this vulnerable population.

Therefore the Board of Selectmen voted FAVORABLE ACTION on October 25, 2016 on the following motion:

Whereas the Town of Brookline has a long history of recognizing our common responsibility to care for deserving members of the community including but not limited to our veterans, our residents who are visually impaired or have other disabilities, our children, and our seniors;

Whereas addressing the needs of Brookline's growing school population has resulted in one tax override within the last two years and may well result in two to three additional tax overrides during the next ten years;

Whereas Brookline's rapidly increasing property taxes are creating growing hardships for hundreds of Brookline's seniors with modest incomes who have owned and lived in their Brookline home for decades;

Whereas many of Brookline's senior homeowners with modest incomes no longer qualify for the Massachusetts Circuit Breaker Income Tax Credit because of Brookline's escalating residential real estate values during recent years and the declining residential real estate values in the western part of Massachusetts during the same time period;

Whereas Brookline's existing programs to provide tax relief to senior homeowners are not meeting the needs of many of Brookline's senior homeowners with modest incomes;

Whereas certain neighboring communities such as Sudbury and Newton currently offer innovative and more generous programs to their senior homeowners with modest incomes than does Brookline;

THEREFORE, be it resolved, that Town Meeting urges the Board of Selectmen to establish a committee to study property tax relief programs that other Massachusetts communities (including but not limited to Sudbury and Newton) offer to senior homeowners with modest incomes, and to make policy recommendations and propose warrant articles for comparable new programs for Brookline and improvements to Brookline's existing senior homeowner property tax relief programs; and

Be it further resolved that said committee will first convene not later than February 1, 2017 and provide to the Board of Selectmen not later than August 15, 2017 a report, policy recommendations, and proposed warrant articles for consideration by the November 2017 Town Meeting;

Note: the Board vote differs from the current AC motion in the first whereas clause (bold and underlined)

Whereas the Town of Brookline has a long history of recognizing our common responsibility to care for deserving members of the community including but not limited to our veterans, our residents **who are visually impaired or have other disabilities**, our children, and our seniors;

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ADVISORY COMMITTEE'S RECOMMENDATION

SUMMARY:

Article 33 is a resolution that urges the Selectmen to establish a committee to study ways of enhancing tax relief for Brookline senior homeowners with modest incomes. Rising Brookline property values make it harder for Brookline seniors to qualify for the Massachusetts Circuit Breaker Income Tax Credit. Some of Brookline's current programs for senior tax relief may need to be changed so that they provide relief to those who need it. These issues and programs should be studied further.

The Advisory Committee voted 21-0-6 to recommend FAVORABLE ACTION on an amended Article 33 motion that includes a new initial "Whereas" clause.

BACKGROUND:

The petitioner of Article 33 became very concerned about the impact of the May 2015 override, which funded public schools, on seniors with modest incomes. In addition to supporting the override campaign, she also started to think of ways to enhance tax relief for Brookline seniors, especially since more overrides will almost certainly be needed. The petitioner focused on the Massachusetts Circuit Breaker (CB) Income Tax Credit, created in 1999, which supports seniors 65 and older. As of 2015 CB tax credits provide up to \$1,070 based on income (up to \$57,000 for singles and up to \$85,000 for a couple); and property value (\$693,000—based on the state-wide average—and below). Property values statewide are significantly lower than they were in 2008, mostly due to declining property values in western Massachusetts. In Brookline, however, property values have continued to increase. This creates a particularly difficult situation for Brookline seniors: as Brookline's property values continue to increase—often above \$693,000—fewer Brookline seniors are now eligible for CB tax credits. In 2009 a peak of 360 Brookline seniors qualified. In 2014, however, only 335 participated in the CB tax credit program—a decrease of 7%. The average support ranged from \$902 to \$1,050. The petitioner reached out to the State House, Brookline's Assessor, and the Council on Aging, and also examined tax relief programs in Newton and Sudbury to see if Brookline can expand additional tax relief for seniors with modest incomes. The Board of Assessors, Brookline

Community Aging Network (BCAN), and the Advisory Council of the Council of Aging support a study of additional tax relief for seniors.

DISCUSSION:

The Advisory Committee is concerned about the financial needs of older people and their ability to pay property taxes. Brookline has some programs in place to address these concerns, and Town Meeting is consistently supportive of annual proposed tax relief credits for certain classes. It is a puzzle that all 30 Property Tax Work Off slots are consistently filled, but we see a decrease in participation in Circuit Breaker Tax Credits. Some seniors who are eligible may not be participating, but it is also possible that fewer seniors are eligible. Tax relief programs are often modest and very restrictive. It will be very worthwhile to have a committee studying tax relief for seniors and participation rates of various programs.

One option would be to consider changes to the relatively high (5%) interest rate that Brookline charges seniors who participate in the Town's tax deferral program. Newton, which ties the interest rate for similar programs to the Federal Reserve Discount Rate, will only charge 1% in FY2017. In addition, in Newton seniors qualify if their income is less than \$60,000 a year, whereas in Brookline the cut-off is set at \$55,000.

It also would be worthwhile to study other aspects of Brookline's senior tax deferral program, including the requirement that the holder of any mortgage on a senior's residence subordinate its loan to the lien that the Town imposes as part of its senior tax deferral program.

Other options might include studying Brookline's current residential tax and fee exemptions to identify additional possibilities to provide relief to seniors. Brookline, for example, offers moderate-income seniors a 20% discount on their water and sewer bills, but many condominium residents do not qualify because they do not have separate water meters. Other seniors do not qualify because their incomes and assets are higher than the limits established by the program. Newton has a similar program, but the discount is 30%.

Programs in other communities also may be worth studying. Sudbury, for example, has piloted a "Means Tested Senior Tax Exemption," and Sudbury Town Meeting just voted to continue this program. This program looks at town-wide property values, rather than state-wide averages. Sudbury's program caps property tax payments for qualifying seniors at 10% of their total income.

Currently there is no process to identify necessary changes in tax relief programs, except when a specific Warrant Article comes before Town Meeting. Each of our tax relief programs is more complex than it initially appears. We often do not know who participates (or doesn't) in existing programs—and why they participate.

The Advisory Committee is confident that a study committee will give us more knowledge about who participates in Brookline's senior tax relief programs and the possibilities for improving or expanding those programs. The Advisory Committee also

recognizes that the Assessor's Office has much expertise on questions related to senior tax relief and could offer invaluable support to the study committee.

RECOMMENDATION:

The Advisory Committee by a vote of 21-0-6 recommends FAVORABLE ACTION on the following motion (an amendment to the original language of the Warrant appears in **bold**):

VOTED: That the Town adopt the following resolution:

**Whereas the Town of Brookline has a long history of recognizing our common responsibility to care for deserving members of the community including, but not limited to, our veterans, our residents with blindness and other disabilities, our children, and our seniors;**

Whereas addressing the needs of Brookline's growing school population has resulted in one tax override within the last two years and may well result in two to three additional tax overrides during the next ten years;

Whereas Brookline's rapidly increasing property taxes are creating growing hardships for hundreds of Brookline's seniors with modest incomes who have owned and lived in their Brookline home for decades;

Whereas many of Brookline's senior homeowners with modest incomes no longer qualify for the Massachusetts Circuit Breaker Income Tax Credit because of Brookline's escalating residential real estate values during recent years and the declining residential real estate values in the western part of Massachusetts during the same time period;

Whereas Brookline's existing programs to provide tax relief to senior homeowners are not meeting the needs of many of Brookline's senior homeowners with modest incomes; Whereas certain neighboring communities such as Sudbury and Newton currently offer innovative and more generous programs to their senior homeowners with modest incomes than does Brookline;

THEREFORE, be it resolved, that Town Meeting urges the Board of Selectmen to establish a committee to study property tax relief programs that other Massachusetts communities (including but not limited to Sudbury and Newton) offer to senior homeowners with modest incomes, and to make policy recommendations and propose warrant articles for comparable new programs for Brookline and improvements to Brookline's existing senior homeowner property tax relief programs; and Be it further resolved that said committee will first convene not later than February 1, 2017 and provide to the Board of Selectmen not later than August 15, 2017 a report, policy recommendations, and proposed warrant articles for consideration by the November 2017 Town Meeting;

(The Advisory Committee is aware that the Selectmen are offering a motion with a brief addition to the first "Whereas" clause of the resolution. Prior to Town Meeting's consideration of Article 33, the Advisory Committee may reconsider its recommendation in order to vote on including the language added by the Selectmen.)

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